



American Honda Motor Co., Inc.
1919 Torrance Boulevard
Torrance, CA 90501-2746
Phone (310) 783-2000

WRITTEN TESTIMONY OF:
Steve Osborne
Assistant Vice President; Parts & Service Division
American Honda Motor Co., Inc.
On Raised Bill 1040

Submitted to the
Connecticut Joint Transportation Committee

March 8, 2013

Dear Co-Chairs Maynard and Guerrero and members of the Committee:

Thank you for the opportunity to submit testimony for the Committee's consideration and for allowing me to testify in person today.

My name is Steve Osborne and I am an Assistant Vice President with the Parts and Service Division of the American Honda Motor Company, Inc. I have been with Honda for twenty eight years. The issue of counterfeit airbags was first brought to the attention of my company in the summer of 2010. We were asked by U.S. Customs to confirm the authenticity of Honda-branded airbags seized as part of a criminal investigation. We were provided only six photographs and no additional detail. Knowing the complexity of airbag manufacture, our initial impression was that the products in the photos were certainly Genuine Honda parts. Needless to say, we were badly mistaken. When our airbag supplier received the photos he had the same initial reaction as Honda. When the photos were compared to the engineering drawings however, the problem became obvious. The airbags were visibly comparable in almost every physical attribute except for the labeling. The counterfeiters tried but failed to replicate Honda's identification system. Although close, we knew for the first time we had a problem with counterfeit airbags.

This initial incident resulted in the trial and prosecution of a gentleman from Guangzhou, China. More importantly it began a journey for Honda that has lead to the seizure of over 2,500 counterfeit Honda airbags and the arrests of five gentlemen that together sold well over 10,000 counterfeit airbags to persons in every state in the country.

I continue to work in conjunction with folks at *Homeland Security*, the *Federal Bureau of Investigations* and *Customs and Border Protection* to combat counterfeit airbag sales into the U.S. I personally have attended numerous seizures of airbags and visited numerous warehouses containing thousands of airbags from virtually all manufacturers.

Honda is so concerned about this issue that we have created a website (www.airbagaware.com) to educate consumers about the dangers of counterfeit airbags. We encourage you to visit the site and watch the videos of footage of the deployment of actual counterfeit airbags. We strive to be a leader in auto safety and have pioneered side airbags, launched an industry leading "Safety for Everyone Campaign" and runs the largest indoor crash test facility in the world. Honda is committed to safety in their products and offers technology such as Supplemental Restraint Airbag Systems, ACE body structure and crash avoidance and lane departure systems.

Counterfeit Airbags:

Federal law requires automobiles to be equipped with occupant crash protection systems. Vehicle manufacturers create intelligent control airbag systems unique to each vehicle. These systems contain multiple airbags for each vehicle and have sophisticated technology that determines what airbag to deploy, when and in what order to best protect the occupant. This all happens within milliseconds while taking into account all the details such as seat position, collision impact and the occupant's weight. However, in order to do the job of protecting the occupants, the entire system has to be working properly and as originally designed. Anything that changes the system can impact both the performance and the result.

These counterfeit airbags look nearly identical to original equipment airbags, so customers are deceived into thinking the replacement airbag will work just like the airbag being replaced, but they don't offer the performance of the original equipment manufacturer produced airbags. Honda has purchased and had independent third parties test some counterfeit airbags sold over the internet. The testing has shown that these airbags can malfunction in a variety of ways including late deployment, deployment with insufficient force and even non-deployment of the air bags. We've seen airbags that were filled with rolled up paper towels that clearly would not provide any protection to a consumer in a crash, even though the cover bore the trademark of an original manufacturer.

There has been a dramatic increase in recent years in the numbers of counterfeit airbags offered for sale on the internet. The tragedy is that an installer should know an airbag is counterfeit because the price is typically well below a legitimate original equipment manufacturer (OEM) replacement airbag. And yet even a fraction of a second difference will impact the safety protection designed to deliver, as was demonstrated in the "Use your melon" video.

National Highway Safety Association (NHTSA):

Thousands of counterfeit airbags have been confiscated in federal raids in multiple states including California, New York, North Carolina, North Dakota, Ohio, Tennessee & Washington. The problem of counterfeit airbags is so widespread and severe that NHTSA conducted their own

tests and on October 10, 2012 issued a consumer advisory alerting vehicle owners and repair professionals of their dangers. NHTSA testing showed these airbags malfunction and even demonstrated instances where the airbags never deployed. NHTSA warned owners who have been in an accident and had their airbags replaced in the last three years to go to their dealership to determine whether they have a counterfeit airbag in the car. We have a copy of a NHTSA video where there is shrapnel exploding on the passenger from the counterfeit airbag.

Counterfeit Laws Already Exist in Connecticut

We will likely hear testimony today that Connecticut already has laws prohibiting counterfeit airbags which make HB1040 unnecessary. Airbag systems are sophisticated and complex, similar to an orchestra where all pieces must work together in synch in order for maximum effect. They provide the ultimate function in occupant safety. They are so special that they deserve a unique recognition in the law. Unlike counterfeit songs or handbags, a consumer can suffer serious injuries or even die from counterfeit airbag use. The damage is sufficient to justify its own law and severe legal remedies for violations of the law.

Where is the Proof?

The problem of airbag fraud is relatively new and therefore the total impact is not fully known. Investigators are not documenting cases where fraudulent airbags have contributed to the injuries sustained in a crash so it is impossible to know what the full impact in Connecticut is. We have attached an article citing five cases involving fraudulent airbags as evidence of how deadly selling fake airbags is. In each case, the driver was unaware their car was repaired with “knockoff” airbags and each resulted in fatalities. No Connecticut consumer should be subject to vehicular Russian roulette, with losers suffering severe injuries or even death. It is for this reason that we urge you to take a proactive approach rather than a reactive one.

Salvage Airbags

There will likely be discussion today from others testifying about how this bill will limit a consumer’s ability to use a salvage airbag. A salvage airbag is one that has been harvested from a car that was totaled but where the airbag did not deploy. Some of these donor cars may sit in a salvage lot susceptible to bad weather, some may have significant flood damage and some could have counterfeit parts themselves. We simply don’t know the condition of these airbags. Salvage parts may be acceptable for some parts, but Honda feels that airbags are such a crucial part that we advocate only the use of original equipment manufacturer airbags. However, we purposely did not include prohibitions on the use of salvage airbags in this bill to accommodate the concerns of salvage yard owners in an attempt not to get diverted by the salvage fight and address this immediate highly dangerous situation.

For all of these reasons, we encourage the Transportation committee and the state legislature to proactively protect Connecticut consumers by passing HB1040.

Thank you for the opportunity to testify before you today. I welcome any questions you may have and welcome the opportunity to be a resource for you on this issue.